



HHS TRANSMITTAL 98.4
Departmental Accounting Manual
Issue Date: 9/18/98

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Material transmitted

Exhibit 4-20-A	HHS Standard General Ledger Chart of Accounts, (pages 1-16)
Exhibit 4-40-A	Accounting Transaction Index, (pages 1-24)
Chapter 4-50	Object Class Codes, (pages 51-66)

Material superseded

Exhibit 4-20-A	(pages 1-2,	: 96.1).
	(pages 3,5 and 9-16	: 97.2).
	(pages 4 and 6-8	: 95.1).
Exhibit 4-40-A	(pages 1,6-9,11,13-17,19-20 and 22-25	: 95.3)
		.
	(pages 2-5,10,12,18,21 and 26-27	: 97.2).
Chapter 4-50	(pages 51-66	: 97.3).

Background

This transmittal of "FY 1998 Accounting Changes" was circulated in draft July 31, 1998 and OPDIVs were notified by E-Mail September 18, 1998 that the changes were to be considered final.

Exhibits 4-20-A and 4-40-A and Chapter 4-50 are being updated to establish the general ledger accounts, transaction codes and object classes that are required to bring HHS accounting systems into compliance with: SFFAS6, Accounting for Property, Plant and Equipment, with respect to the recognition of the categories of assets to be reported on the Balance sheet; and SFFAS7, Accounting for Revenue and Other Financing Sources, with respect to accounting for donations, imputed costs, transfers in and out, and the composition of the Equity accounts (Net Position).

Included in these accounting manual updates are changes concerning costs borne by other agencies and imputed financing which we had previously forwarded detailed instructions by memoranda:

11/13/97	Pension Expense and Other Retirement Benefits - OPM
11/04/97	Accounting for Treasury Judgement Fund Transfers
12/19/97	Pension Liability and Pension Cost - PHS Commissioned Officer Corps

This update amends the object class codes included in the above instructions: 61.5X, Commissioned officer pension benefits is changed to 61.5W, Civilian and commissioned officer - Pension benefits; 61.5X becomes Civilian and commissioned officer - Health benefits; 61.5Y, Litigation Expense is changed to 61.5T; and 61.5Y becomes Civilian and commissioned officer - Life Insurance Benefits.

Other modifications and deletions have been made to bring HHS into agreement with the USSGL. Each addition, modification and deletion to the general ledger accounts, transaction codes and object classes is itemized in the attached eight page HHS Transmittal 98.4 Attachment.

Filing Instructions

Remove superseded material and replace it with the new material. Post receipt of this transmittal to the HHS Checklist of Transmittals and file this transmittal in sequential order after the checklist.

signed

George H. Strader
Deputy Assistant Secretary, Finance

NEW SGL ACCOUNTS

<u>SGL</u>	<u>Description</u>	<u>Explanation</u>
1711	Land & Land Rights	Previously included in 1710
1712	Improvements to Land	Previously included in 1710
1719	Accumulated Depreciation on Improvements to Land	Added new account
1720	Construction in Progress	Added "G/N" rather than using 1721 and 1722 and changed from "S" account to "P" account
G	(Gov)	
N	(Non-Gov)	
1820	Leasehold Improvements	Previously part of 1810
1829	Accumulated Depreciation on Leasehold Improvements	Added new account
3312	Federal Property in Custody of Others	Previously in 3213
3313	Appropriated for Revolving and Management Funds	Previously in 3213
5600	Donated Revenue - Financial Resources	Change in name and meaning
5609	Contra Revenue for Donation - Financial Resource	Added new account (for return of donation)
5610	Donated Revenue - Non- Financial Resources	Previously part of 5600
5619	Contra Donated Revenue - Non-financial Resources	Added new account (for return of donation)
5720	Financing Sources Transferred-In Without Reimbursement	Previously 3220
5730	Financing Sources Transferred-Out Without Reimbursement	Previously 3230
5780	Imputed Financing Sources	Added new account
6730	Imputed Costs	Added new account

MODIFIED SGL ACCOUNTS

<u>SGL</u>	<u>Description</u>	<u>Explanation</u>
1418	Advances to Others -	Definition modified
N	Estimated Accruals	and dropped "G"
1529	Inventory-Allowance	Definition modified
1754	Federal Property in Custody of Others	Title and definition modified
2920	Contingent Liabilities	Definition modified

DELETED SGL ACCOUNTS (FSSAB No. 7)

SGL Description

Equity Accounts

3200 Invested capital
3210 Capital investments
3211 Investments in capital assets
3212 Federal property in custody of others
3213 Appropriated for revolving & management funds
3220 Transfers-in from others without reimbursement
3230 Transfers-out to others without reimbursement
3320 Net results of operations
3400 Donations and other items
3500 Deferred liquidation authority
3501 Future funding requirements

also:

1721 Construction in progress by other government agencies (merged with 1720)
1722 Construction in progress - By all others (merged with 1720)
1755 Federal property in custody of grantee (merged with 1754)
6106 Bad debt (not required; use account 6903)

The revenue standard changed the above equity accounts (net position) to revenue financing accounts. Beginning October 1, 1998 the above accounts will be recorded as follows:

3220 to 5720 Financing sources transferred-in without reimbursement;
3230 to 5730 Financing sources transferred-out without reimbursement;
3400 to 5600 Donated revenue - financial resources or 5610, Donated revenue - non-financial resources; any returns will be recorded as 5609, Contra revenue for donation - financial resources or 5619, Contra donated revenue - non-financial resources.

Net results of operations, 3320, is eliminated; all expense, revenue, loss and gain accounts will be closed directly to 3310, Cumulative results of operation, as is 7400 Prior period adjustments.

The SGL Board has deleted 3500, Deferred liquidation authority 3500, as not needed. The Revenue standard dropped the requirement to show Future Funding Requirements as a component of Net position and so the SGL Board deleted 3501 (this account was never adopted by HHS).

The Revenue standard did not recognize the need to maintain an equity account for the initial classification of a revolving/management fund and so the SGL deleted account 3213. Several members of the Board, including HHS, believes there is sufficient merit to maintain this data apart from Cumulative results of operation. See the one-time adjustment below for the reclassification of the account number.

Likewise, there is merit in maintaining an equity division for Federal property in custody of others, pending recovery or disposition of the property. See the one-time adjustment below for the reclassification of the account number.

ONE-TIME ADJUSTING ENTRIES (USE TC-399)

- (1) To remove any "stewardship investment PP&E" (heritage assets and stewardship land that was previously recorded in property asset accounts 1730, 1739, 1740, 1749, 1750, 1759) See SFFAS No. 4.

Dr. 7400 Prior period adjustments
Cr. Asset accounts 1730, 1740, 1750

-and-

Dr. Accumulated depreciation accounts 1739, 1749, 1759
Cr. 7400 Prior period adjustments

- (2) To remove the balance in "Investment in capital assets"

Dr. 3211 Investment in capital assets
Cr. 7400 Prior period adjustments

Beginning October 1, 1998 as assets are purchased the component entry will be to Dr. 3100 and Cr. 5700

- (3) To remove the balance in "Donations & other items."

Dr. 3400 Donations and other items
Cr. 7400 Prior period adjustments

Beginning October 1, 1998 donations and other items will be recorded in revenue accounts 5600 and 5610, Financial and non-financial resources, and 5609 and 5619 for any return of the resources.

- (4) To reclassify the initial capitalization of a fund to a subsidiary account of "Cumulative results of operations"

Dr. 3213 Appropriated for revolving & management funds
Cr. 3313 Capital Investments (initial and subsequent capitalization)

Beginning October 1, 1998 any capitalization will be recorded: for appropriated funds making the investment, Dr. 3313 and Cr. 1012, also 3100 and 5700; for the revolving/ management fund receiving the capitalization, Dr. 1011 and Cr. 3313

- (5) To remove the balance in "Transfers-in" and Transfers-out" accounts.

Dr. 3220 Transfers-in without reimbursement
Cr. 7400 Prior period adjustment

-and-

Dr. 7400 Prior period adjustment
Cr. 3230 Transfers-out without reimbursement

Beginning October 1, 1998 transfers-in will be recorded in accounts 5720 and transfers-out will be recorded in 5730.

- (6) To reclassify "Federal property in custody of others" to a subsidiary account of "Cumulative results of operations"

Dr. 3212 Federal property in the custody of others
Cr. 3312 Federal property in the custody of others

Beginning October 1, 1998 Federal property purchased by and reported by a grantee or contractor will be recorded as Dr. 1754, Property in the custody of others. This property is exclusive of stewardship investment property purchased with grant funds and expensed that is subject to supplementary stewardship reporting. See SFFAS No. 6.

In accordance with the above, we are changing the name of SGL 1754 to "Federal property in custody of others," and deleting SGL 1755. There appears to be no requirement to maintain separate accounts for grantees and contractors.

TCs will also be modified to record the loan of equipment to a grantee or contractor

Dr. 1754 Federal property in custody of others
Cr. Asset accounts 1751, 1756

It is essential that property records maintain the identity of property transferred in/out, and property in the custody of others apart from purchases/disposals to facilitate the recording of the above entries.

AMENDED TRANSACTION CODES

<u>TC</u>	<u>Explanation</u>
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00P	Modified the description and changed 3400 credit entry to 3100; this is a collection to be made available to Special/Trust funds for obligation
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081	Subdivided SGL 1710 into 1711 & 1712 and added sub-object code 32.12
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Recoded SGLs 1721 and 1722 to 1720 and added "G/N"; also dropped sub-object class code 32.52

For SGL 1730, revised the sub-object class codes to 32.21-32.2D (except 32.2A), 32.41 and 32.42

For SGL 1740, revised the sub-object class codes to 32.31-32.3H and 32.2A

For SGL 1756, revised the sub-object class codes to 31.41, 31.44, 31.45 and 31.48

Added SGL 1820 and sub-object class code 32.71

For component entry reducing 3100, Appropriated capital, changed the contra entry from 3211 to 5700 and amended the sub-object class code range to include codes for both asset and expense purchases.

The same changes are made to TCs:

090, 091, 095, 181, 191, 192, 237 and 330

082	Modified the description and made other changes in the entries according to the new PMS procedures for accruing grants at end of the year
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- 09A As shown in 081: added SGLs 1711, 1712, 1730, 1740 and applicable sub-object class codes; revised the sub-object class codes for 1756; changed the component entry 3211 to 5700. Changed 1721 to 1720G and added sub-object class code 32.51
- 102 Added to description, current year portion; and deleted component entry Dr. 3100 and Cr. 3211
- 109, Deleted component entry Dr. 3211 and Cr. 3320
111
- 121 Added to description, prior year portion; and deleted component entry Dr. 3310 and Cr. 3211
- 122 Reclassified Cr. entry 3212 to 3312 and revised the note
- 184, On component entry changed Cr. 3211 to 5700 and deleted
194 note for "C" entry
- 223 Deleted component entry Dr. 3211 and Cr. 3100 and revised the note
- 262, Added 1829 as a Cr entry to "A" component with sub-object class
26A code 61.33; deleted component entry Dr. 3211 and Cr. 5700 and applicable note; on TC 262 note regarding closing entry, changed 7110 to 7111 and 3320 to 3310, and on TC 26A note changed 7210 to 7211 and 3320 to 3310
- 263 Deleted the component entry Dr. 5700 and Cr. 3211
- The same changes are made to TCs:
- 26J, 303, 322, 326
- 268 Changed description of the TC, modified the note and changed the range of the sub-object class for SGL 1756
- 283, Deleted component entry Dr. 3211 and Cr. 1933 for TC 283 and
284 the reverse for 284, and revised 283 note changed 284 description
- 28B Deleted the component entry Dr. 1943 and Cr. 3211; also deleted component entry Dr. 3100 and Cr. 5700, and revised the note
- 28C Deleted the component entry Dr. 3211 and Cr. 1943

31B Deleted the component entry Dr. 3100 and Cr. 5700 because account 3211 is deleted; all capital asset are recorded to 5700 at the time purchased

The same changes are made to TCs:

302, 31F, 31J, 323, 332, 341, 406, 409,

31C Deleted component entry Dr. 3211 and Cr. 5700

The same changes are made to TCs:

31D and 31E

321 Added 1719 as Cr. entry with sub-object class code 61.34; for 1739 changed sub-object class code 61.36 to 61.31; for 1749 changed sub-object class code from 61.31 to 61.36; and dropped notes 1 and 3

334 Deleted component entry Dr. 3320 and Cr. 3211 and revised the note

355 Reclassified 1710 to 1711 and added 1712 with sub-object class code 32.12; revised sub-object class codes for 1730, 1740 and 1756 as described in TC 081; and reclassified 3400 to 5610

357 Made the same changes as for TC 355, except that Cr. entry to 3220 was reclassified to 5720

9BA Changed the closing entry from 3320 to 3310

9BB, 9BC, 9BD, 9BE, 9BF, 9BG, 9BH, 9BJ, 9BK, 9BM, 9BN,
9BP, 9BQ, 9BR, 9CA, 9CB, 9CC, 9CD, 9CE, 9CG, 9CH, 9CJ,
9CK, 9CM, 9CN, 9CP, 9CR, 9CY and 9ED

9CQ Changed the closing entry from 3320 to 3310 and added a note regarding closing when 7300 has a credit balance

9CS Changed the closing entry from 3320 to 3310 and reversed the entry

The same changes are made to TCs:

9CT, 9CU, 9CV, 9CW and 9CX

9CZ Changed the closing entry from 3320 to 3310 and added a note regarding closing when 7600 has a credit balance

NEW TRANSACTION CODES

<u>TC</u>	<u>Explanation</u>
10E	To record actuarial liability for PHS CO Corps retirement system
10F	To record costs/financing sources for pension benefits
10G	To record liability for claims to be paid by the Treasury Judgment Fund or to be funded for payment by the OPDIV

DELETED TRANSACTION CODES

269, 295, 354, 421, 422, 424, 425, 426, 427, 428, 429, 9AF, 9BS, 9BT, 9CF, 9EB and 9EC

SUB-OBJECT CLASS CODE CHANGES

32.11	Changed title of "Land" to "Land & land rights"
32.12	Established new code for "Improvements to land"
32.51	Changed title of "Construction in progress - By other government agency" to "Construction in progress"
32.52	Deleted, see 32.51
32.71	Established new code for "Leasehold improvements"
61.13	Modified title to include both grantee & Contractor
61.14	Deleted, see 61.13
61.34	Established new code for "Depreciation of Improvements to Land"
61.5T	Established code for "Litigation expense"
61.5W	Established code for "Civilian and commissioned officer pension benefits"
61.5X	Established code for "Civilian and commissioned officer health benefits"
61.5Y	Established code for "Civilian and commissioned officer life insurance benefits"